

REPORT TO THE SUCCESSOR AGENCY



DATE: June 16, 2020

TITLE: (Successor Agency) Resolution Approving the Purchase and Sale Agreement and Joint Escrow Instructions With Mlou Guzman Villanueva With Respect to the Real Property Located at 66146 Pierson Boulevard, Desert Hot Springs, California (APN 639-232-040)

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RECOMMENDATION

Adopt a Resolution of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs approving the Purchase and Sale Agreement and Joint Escrow Instructions between the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs and Mlou Guzman Villanueva with respect to the Real Property located at 66146 Pierson Boulevard, Desert Hot Springs, California (APN 639-232-040) and approving certain related actions.

BACKGROUND

Pursuant to Health and Safety Code (the "HSC") § 34172 (a) (1), the Redevelopment Agency of the City of Desert Hot Springs was dissolved on February 1, 2012. Consistent with the provisions of the HSC, the City Council of the City of Desert Hot Springs (the "City") previously elected to serve in the capacity of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the "Successor Agency"). The Desert Hot Springs (the "DHS") Oversight Board for the Successor Agency (the "DHS Oversight Board") was established pursuant to HSC § 34179 to assist in the wind-down of the dissolved redevelopment agency through June 30, 2018. By operation of California Law, the DHS Oversight Board was dissolved on June 30, 2018 and the Oversight Board responsibilities with respect to Riverside County-based successor agencies were transferred to the Riverside County-Wide Oversight Board (the "CWOB") on July 1, 2018.

Pursuant to HSC § 34191.5 (c), the Successor Agency previously prepared and filed with the California Department of Finance (the "DOF") its DHS Oversight Board-approved LRPMP. On September 15, 2015, the DOF approved the Successor Agency's LRPMP and notified the Successor Agency that pursuant to HSC § 34191.3, the approved LRPMP shall govern, and supersede all other provisions relating to the disposition and use of all the real property assets of the former redevelopment agency. The approved LRPMP, which addressed the disposition and use of the real property assets held by the Successor Agency, included 44 parcels of land grouped into sixteen (16) separate sites, along with two (2) surplus residential properties, that were required to be sold, thereby giving the Successor Agency a total of eighteen (18) disposition sites. Of these eighteen (18) sites, seventeen (17) sites have been sold or transferred to the City, leaving one (1) site remaining to be sold.

DISCUSSION

The Successor Agency is the owner of that certain real property consisting of approximately 0.15 acres of vacant land located at 66146 Pierson Boulevard, Desert Hot Springs, California (APN 639-232-040) (the "Property"). Within the LRPMP the Property is: i) identified as Site No. 11; ii) described as one (1) parcel of vacant land zoned Retail in Planning Area 3.03 of the Vortex Specific Plan; iii) designated for sale; and iv) more fully described within Exhibit "A" to the attached Resolution, which is an excerpt from the LRPMP.

On November 15, 2016, the Successor Agency approved an Agreement with NAI Capital (the "NAI Agreement") to list and sell certain real property assets of the Successor Agency, all of which were subsequently listed for sale. As a part of the NAI Agreement, NAI Capital agreed to prepare of a Broker's Opinion of Value (the "BOV") for each Successor Agency property that is sold. Since the Property had been listed for sale for over three years without interest from a serious buyer, during December of 2019 NAI was asked to update its opinion of the Property's market value. On December 24, 2019, NAI provided its updated BOV regarding the Property confirming its opinion that the market value of the Property is currently \$9,800 (the "BOV Market Value"). Based on this, NAI was authorized to begin marketing the Property at its BOV Market Value of \$9,800.

In response to NAI's listing, on May 15, 2020, Mlou Guzman Villanueva (the "Buyer") offered to purchase the Property at its BOV Market Value of \$9,800 (the "Purchase Price"), a copy of the offer letter (the "Offer Letter") is included as Exhibit "B" to the attached Resolution. On May 20, 2020, NAI resubmitted its BOV, which reconfirmed the BOV Market Value of \$9,800, a copy of which is included as Exhibit "C" to the attached Resolution. In the Offer Letter, the Buyer indicated that the Property would be developed for commercial purposes in the future. Subsequent to vetting the offer to ensure that the Buyer has the ability to close escrow, NAI Capital has recommended that the Successor Agency accept the purchase offer from the Buyer.

In consideration that the offered \$9,800 Purchase Price is equal to the BOV Market Value, it may be concluded that the Purchase Price is fair and reasonable, as confirmed within the BOV, a copy of which is included as Exhibit "C" to the attached Resolution. Based on past practice, the DOF has acknowledged that BOVs are an acceptable method and basis for confirming that the value of real property being sold is fair and reasonable. Approval of the attached Resolution will approve the Purchase and Sale Agreement and Joint Escrow Instructions (the "Purchase and Sale Agreement") between the Successor Agency and the Buyer with respect to the Property, a form of which is included as Exhibit "D" to the attached Resolution.

Consistent with the provisions of the HSC and the LRPMP, the effectiveness of the Purchase and Sale Agreement is subject to the approval of the Oversight Board and review by DOF. Subject to the approval of the Oversight Board and review by DOF, the Successor Agency intends to distribute the net land proceeds to the Riverside County Auditor Controller for distribution to the taxing entities.

The attached Resolution has been reviewed with respect to applicability of the California Environmental Quality Act (the "CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, § 15000 *et seq.*, hereafter the "Guidelines") and the City's environmental guidelines. The Resolution does not constitute a "project" for purposes of CEQA, as that term is defined by Guidelines § 15378, because the Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per § 15378 (b) (5) of the Guidelines.

The sale of the Property will complete the Successor Agency's implementation of the LRPMP.

FISCAL IMPACT

The purchase price offered for the Property is \$9,800. Per the HSC and the LRPMP, the proceeds of sale, less the costs of sale attributable to the Successor Agency that are described within the Agreement, will be submitted to the Riverside County Auditor-Controller (the "CAC"). Once received, the CAC will in turn distribute the funds to the effected taxing entities, which includes the City of Desert Hot Springs.

EXHIBIT(S)

- 1) Resolution Approving Purchase and Sale Agreement and Joint Escrow Instructions for the property located at 66146 Pierson Boulevard, Desert Hot Springs, California (APNs 639-232-040).
- 2) Narrative for Site No.11 – Excerpt from the LRPMP (Exhibit “A” to Resolution);
- 3) May 15, 2020 Offer Letter from the Buyer (Exhibit “B” to Resolution);
- 4) May 20, 2020 BOV prepared by NAI Capital (Exhibit “C” to Resolution);
- 5) Copy of Purchase and Sale Agreement and Joint Escrow Instructions between the Successor Agency and the Buyer (Exhibit “D” to Resolution).